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13 PRODUCTIONS CO. LTD.

14 UNITED STATES DISTRICT COURT

15 CENTRAL DISTRICT OF CALIFORNIA

16 WESTERN DIVISION

17 UM CORPORATION, a Japanese
18 corporation,

19 Plaintiff,

20 vs.

21 TSUBURAYA PRODUCTIONS CO.
22 LTD., a Japanese corporation,

23 Defendant.

CASE NO. 2:15-cv-03764-AB-AJW

**DECLARATION OF TOSHIAKI
IIMURA IN SUPPORT OF
DEFENDANT AND
COUNTERCLAIMANT
TSUBURAYA PRODUCTIONS CO.
LTD.'S MOTION FOR SUMMARY
JUDGMENT**

Date: July 24, 2017

Time: 10:00 a.m.

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TSUBURAYA PRODUCTIONS CO.
LTD., a Japanese corporation,

Counterclaimant,

vs.

UM CORPORATION, a Japanese
corporation; ULTRAMAN USA, INC.,
a California corporation; SOMPOTE
SAENGDUENCHAI, a Thai individual;
GOLDEN MEDIA GROUP, INC., a
California corporation; TIGA
ENTERTAINMENT COMPANY,
LTD., a Hong Kong corporation; and
DOES 1-10,

Counterdefendants.

Location: Courtroom 7B

Judge: Hon. André Birotte, Jr.

Trial Date: November 7, 2017

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DECLARATION OF TOSHIAKI IIMURA

I, Toshiaki Iimura, declare as follows:

1. I am an attorney in Japan at the law firm of Yuasa and Hara in Tokyo, Japan. I make this declaration based on personal knowledge, and if called and sworn as a witness, I could and would testify competently hereto.

2. I was formerly Presiding Judge on the Intellectual Property High Court in Tokyo. I graduated from the University of Tokyo in 1972 and completed the required legal training in 1974. I worked for the Tokyo District Court from 1974-1987 and the Ministry of Justice from 1987-1994. I served on the Tokyo High Court (1994-96), the Tokyo District Court (1996-2004), the Kofu District Court (2004-06), and the Intellectual Property High Court (2006-2014). I retired from the bench in 2014 to work as an attorney.

3. I understand that there is a dispute in the U.S. lawsuit between Tsuburaya Productions Co. ("TPC") and UM Corporation ("UMC") regarding the proper interpretation of the so-called "1976 Agreement" between Mr. Sompote Saengduenchai and TPC, assuming it is a valid and binding contract, and another contract between Mr. Sompote and Bandai Company Ltd. ("Bandai"), called the "Non-Contravention Agreement," that relates to the rights allegedly granted to Mr. Sompote under the 1976 Agreement.¹ I am familiar with these issues because they also arose before the courts in Japan at the time when I was the Presiding Judge, and I devoted significant time to that matter. At TPC's request, I have agreed to provide an explanation of the relevant rulings from the courts in Japan to assist the Court in the U.S. in understanding those rulings.

¹ Copies of the 1976 Agreement and the Non-Contravention Agreement that were provided to me by counsel for TPC for purposes of this declaration are attached as **Exhibits A and B**. I have no opinion regarding whether the copies of this document that were provided to me have been properly authenticated as a matter of evidence in the U.S. lawsuit.

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1 **Interpretation of the 1976 Agreement**

2 4. Under Japanese intellectual-property law, there is a distinction between
3 a license agreement and an assignment agreement. A “license” is generally
4 understood to be a grant of a right to use intellectual property in a certain way. In
5 contrast, an “assignment” is generally understood to be a transfer of ownership of
6 rights in intellectual property. In that respect, a license is narrower than an
7 assignment.

8 5. As discussed in more detail below, the Japanese courts have concluded
9 that the 1976 Agreement is a license agreement (rather than an assignment
10 agreement) that authorizes the counterparty (Mr. Sompote or his assignees) to
11 distribute certain specified audio-visual works created by TPC in markets other than
12 Japan, but that does not transfer ownership of the copyright in any of those works or
13 provide any rights to make or distribute derivative works or adaptations based on the
14 “Ultraman” works identified in the 1976 Agreement or the characters in those works.

15 6. Under Japanese law, it is important to study the words of a contract to
16 determine the intention of the parties to the contract. The words in the 1976
17 Agreement indicate that it is intended to be a license agreement, not an assignment
18 agreement. The document is titled “License Granting Agreement.” The
19 document states in the preamble that it was concluded to “grant licenses” in certain
20 specified works. Article 3 of the document identifies the “Scope of License.”
21 The final paragraph states that Mr. Sompote is receiving “Licenses.” These words
22 provide a very strong indication that the document is merely a licensing agreement.

23 7. Article 3 of the 1976 Agreement also delineates certain rights in the
24 specified works that were “engendered by this License Granting Agreement.” This
25 list of rights includes fewer than all the rights that a copyright owner would be
26 entitled to under Japanese Law. For example, there is no mention of a right to
27 create derivative works or adaptations based on the specified Ultraman works or the
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1 characters in them. As such, the inclusion of this list shows that it was the intent of
2 the parties to license only the specified rights.

3 8. These considerations are key to the judgments of the Japanese courts
4 that interpreted the 1976 Agreement. These rulings were made in two separate
5 lawsuits in Japan, which I refer to as the first and second Japanese lawsuits.

6 9. In the first lawsuit between TPC (the plaintiff) and Mr. Sompote (the
7 defendant) filed in 1997, Heisei 13 (Wa) 12140, the Tokyo District Court rejected
8 Mr. Sompote's argument that the 1976 Agreement gave him rights to make new
9 Ultraman works (meaning works that were not identified in the 1976 Agreement but
10 were created afterwards):

11 Defendant alleges that, when the Contract Document was executed,
12 Plaintiff granted Defendant not only the copyright to the Copyrighted
13 Works, but also the copyright and exclusive exploitation rights as to
14 future Copyrighted Works in the Ultraman series. In Defendant's
15 affidavit (D#10) there is a statement that the meaning of Article 3.3
16 included production rights for new Ultraman Copyrighted Works, and
17 Defendant testified as such before this Court. However, these written
18 and oral statements cannot be believed because they contradict the fact
19 that the Contract Document identified the movies in Article 1 and
20 provided for the "Reproduction right" in Article 3.3. Since there is no
21 other sufficient evidence to support Defendant's allegations on this
22 point, Defendant's allegations are not accepted.²

23 10. The court noted that the right to create future or derivative works was
24 not spelled out among the listed rights, and it rejected an interpretation of the 1976
25 Agreement that would have inserted that right into the document. This aspect of
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27 ² TPC Request for Judicial Notice ("RJN"), Ex. B at 32-33 (TP00050003-04).
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1 the ruling was not disturbed during the subsequent appeal to the Tokyo High Court,
2 Heisei15 ne 1532/Heisei15 ne 1898, or the attempted appeal to the Supreme Court,
3 Heisei16 o 436/Heisei16 ju 432.

4 11. The ruling also was not disturbed during the second lawsuit between
5 TPC (the defendant) and Mr. Sompote, in which UMC intervened to replace Mr.
6 Sompote (who became known as the “withdrawal plaintiff”) as a party. In that
7 lawsuit, Heisei21 wa 6194 (Heisei18 wa 10273), the Tokyo District Court reached
8 the same conclusion as in the first lawsuit:

9 The Intervener claims that the Exclusive Exploitation Rights granted to
10 the withdrawal plaintiff, based on the Contract, includes the right to
11 create similar but altered Ultraman characters (derivative works) and
12 exploit them commercially (Article 3, 3.2 and 3.3 of the Contract).
13 Even if this right was not explicitly stated in the Exclusive Exploitation
14 Right, since the Intervener owns the right to the Copyrighted Works
15 and the Original Ultraman Characters, it is natural that defendant was
16 required to refrain from granting exploitation rights for similar
17 characters to third parties.

18
19 However, the above interpretation cannot be used as it is incompatible
20 with the fact that (1) the term ‘Production Right’ is not a term used in
21 the copyright law, and the term “adaptation” is usually used to describe
22 the right to create similar but altered works in English and (2) Article 3-
23 3.7 of the Contract Document regarding the use of Ultraman characters
24 specifies the characters subject to the license as “all models and
25 characters used in the production of the film works mentioned in article
26 1”, suggesting that Ultraman characters that appear in derivative works
27 of the Copyrights Works are not subject to the license. Furthermore,
28 as adaptation rights for the Copyrights Works were not included in the

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1 Exclusive Exploitation Rights, it goes without saying that the
2 withdrawal plaintiff having the Exclusive Exploitation Right for the
3 Copyrighted Works does not prevent the defendant from creating
4 derivative works of the Copyrighted Works or exploiting derivative
5 works it creates. Therefore, the Intervener's claim is without
6 grounds.³

7 12. Based on its interpretation of the 1976 Agreement, the Tokyo District
8 Court rejected UMC's claims to liability, damages and unjust enrichment to the
9 extent they related to any Ultraman works and characters other than those that are
10 specifically identified in the 1976 Agreement. Specifically, with respect to the
11 contracts (between TPC and various third parties) identified by the court as license
12 agreements Nos. 2-8, the court concluded as follows:

13 There is no dispute among the involved parties regarding the existence
14 of License Contracts (2) to (8).

15
16 However, the Ultraman characters that are the subject of the licenses in
17 these contracts ("Ultraman Tiga," "Ultraman Dyna," "Ultraman Gaia,"
18 "Ultraman Cosmos," "Ultraman Zearth 1," and "Ultraman Zearth 2")
19 are all the New Ultraman characters.

20
21 Therefore, the defendant's conduct of entering into the above licenses
22 does [not] constitute nonperformance of obligations, and the entering
23 into of these agreements does not constitute defendant obtaining a gain
24 without legal basis.⁴

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27 ³ RJN, Ex. D at 44-45 (TP00050051-52).

28 ⁴ RJN, Ex. D at 48 (TP00050055).

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1 13. On appeal, the Intellectual Property High Court in Heisei22 ne 10080,
2 in a decision that I wrote with two other judges on a three-judge panel, reached the
3 same conclusion regarding the meaning of the 1976 Agreement:

4 Based on the prerequisite that the rights for producing derivative works
5 of the copyrighted works of the present case and the adaptation rights
6 thereof are included in the production rights stated in Article 3.3.2 of
7 the Contract, the Intervener claims that the Defendant has an obligation
8 under the Contract not to license the Copyrighted Works and the
9 exploitation of the characters (the New Ultraman Characters), which
10 are similar to those appearing in the Copyrighted Works (the Original
11 Ultraman Characters) to third parties. However, the Intervener's
12 claim is invalid. Based on the ordinary definition of production right,
13 it is difficult to understand that the rights for producing derivative
14 works of the Copyrighted Works and the adaptation rights thereof are
15 included within the term "production right." It is not acknowledged
16 that there is such a situation as stated above wherein the term
17 "production right" includes such rights as above, in particular in the
18 Contract. Additionally, Article 3.3.4 of the Contract mentions
19 copyright; if the term "copyright" includes the adaptation rights which
20 are the divisible rights of copyright, this does not match what is stated
21 in Article 3.3 as "reproduction right." Therefore, it is not interpreted
22 that the term 'copyright' includes the adaptation rights that are the
23 divisible rights of "copyright." Consequently, it cannot be said that
24 the Defendant has an obligation not to license the exploitation of the
25 New Ultraman Characters to a third party based on the Contract.⁵

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27 ⁵ RJN, Ex. F at TP00050119.
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1 14. Based on its interpretation of the meaning of the 1976 Agreement, the
2 IP High Court affirmed the rulings of the Tokyo District Court that rejected Mr.
3 Sompote's claim that TPC breached the 1976 Agreement by granting licenses to
4 third parties that authorized the distribution of new Ultraman works outside of
5 Japan.⁶ The Japan Supreme Court refused to hear the appeal from this case in
6 Heisei23 ju 2004 so there was no further comment on it.

7 15. Based on my understanding of Japanese law and my review of the 1976
8 Agreement and the judicial decisions mentioned above, I continue to believe that it
9 is correct to interpret the 1976 Agreement, assuming its validity, as a license
10 agreement that permits Mr. Sompote to exercise certain rights in the specified
11 Ultraman works outside of Japan, but that does not grant him ownership of the
12 copyrights in any of those works or the characters in them, or any rights to create
13 derivative works or adaptations based on the works identified in the 1976 Agreement
14 or the characters in those works.

15
16 **The Non-Contravention Agreement**

17 16. I have also been asked to discuss the "Non-Contravention Agreement"
18 and why it barred UMC from obtaining damages from TPC in the second lawsuit
19 filed in Japan based on TPC's licensing of certain Ultraman works, including certain
20 of the works identified in the 1976 Agreement, to Bandai and other third parties for
21 distribution in countries other than Japan. I was a judge on the IP High Court at
22 the time of that decision and I am familiar with the Non-Contravention Agreement
23 from that experience.

24 17. The IP High Court found in the second lawsuit in Japan that the Non-
25 Contravention Agreement is an agreement between Bandai, on the one hand, and Mr.

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27 ⁶ RJN, Ex. F at TP00050119.
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1 Sompote and two of his companies, Chaiyo City Studio and Tsuburaya Chaiyo
2 Company (collectively, “Chaiyo”), on the other. The evidence showed that the
3 agreement was entered into on January 29, 1998, shortly after the first lawsuit
4 between Mr. Sompote and TPC was filed. At the time of the Non-Contravention
5 Agreement, Bandai was a shareholder of TPC.

6 18. Although the copy of the Non-Contravention Agreement that was
7 submitted to the court in the Japanese lawsuit was not signed, the court concluded
8 that it was a valid and binding contract. I understand that in the U.S. lawsuit, UMC
9 has admitted that this copy is valid, that the Non-Contravention Agreement remains
10 valid and binding to this day, and that it is binding on UMC as Mr. Sompote’s
11 assignee.⁷

12 19. The Japanese court interpreted the meaning of the Non-Contravention
13 Agreement based on its plain words in accordance with Japanese law. As stated in
14 the recitals to the Non-Contravention Agreement, there was a conflict between
15 rights that Bandai had in 1998 and rights Mr. Sompote claimed to have under the
16 1976 Agreement. Bandai did not recognize the validity of the 1976 Agreement by
17 entering into the Non-Contravention Agreement, but, according to the recitals,
18 hoped to resolve any conflict regarding potentially inconsistent rights.

19 20. Under the terms of the Non-Contravention Agreement, Bandai paid
20 Chaiyo 100 million yen (which was approximately \$1 million USD at the time). In
21 return, Chaiyo and its assigns agreed to, among other things, not manufacture, use,
22 or sell the products listed under Articles 1.3-1.9 of the 1976 Agreement anywhere in
23 the world (except in Thailand, where Chaiyo could still manufacture and sell
24 products as long as they were not toys) without Bandai’s permission. Chaiyo also
25 agreed to waive enforcement of all claims it had in connection with the 1976

27 ⁷ Declaration of Daniel C. Posner, Ex. R (UMC Resp. RFA Nos. 86-94).
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1 Agreement against the “Bandai Group,” which included Bandai and its affiliates,
2 subsidiaries, licensees, sub-licensees, contractors, manufacturers, distributors,
3 secondary distributors, agents, representatives, officers, employees, shareholders,
4 right successors, assignees, and all of the individuals and corporations that work for
5 these.

6 21. In summary, under the Non-Contravention Agreement, Mr. Sompote
7 retained whatever rights were granted to him under the 1976 Agreement with
8 respect to the works identified in Articles 1.1 and 1.2 of that agreement, but
9 effectively did not retain any other rights under that agreement outside of Thailand.
10 In Thailand, Sompote retained limited rights to distribute the works (though not toys
11 based on the works) identified in Articles 1.3-1.9.

12 22. In the second Japanese lawsuit, Mr. Sompote sued TPC for damages
13 and unjust enrichment based on TPC’s licensing of Ultraman works outside of Japan.
14 As noted, during the lawsuit, UMC intervened in place of Mr. Sompote. Bandai
15 also intervened in the case and became known as the “assisting intervenor.”

16 23. In Heisei22 ne 10080, the IP High Court found that Mr. Sompote’s
17 claim to damages based on TPC’s licensing of original Ultraman works (meaning
18 the works identified in the 1976 Agreement) was barred by the Non-Contravention
19 Agreement. Essentially, the Non-Contravention Agreement was interpreted as
20 precluding Mr. Sompote (who was referred to as the “withdrawal plaintiff”) and his
21 assignees from entering into future licensing deals based on his rights under the
22 1976 Agreement, such that Mr. Sompote and his assignees could not suffer damages,
23 nor could TPC be unjustly enriched at Mr. Sompote’s expense, by entering into such
24 deals itself:

25 [I]t is interpreted that the Withdrawal Plaintiff cannot obtain any
26 licensing fee by signing another licensing agreement separately from
27 the [Non-Contravention Agreement], relative to all of the rights
28 stipulated in the [1976 Agreement] after same agreement has been

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1 signed; and it is also interpreted that, even if the Withdrawal Plaintiff
2 has lost opportunities to obtain licensing fees because the Assisting
3 Intervener has exploited the rights stipulated in the [1976 Agreement]
4 without obtaining permission from the Withdrawal Plaintiff prior to
5 signing of the [Non-Contravention Agreement], the [Non-
6 Contravention Agreement] has been signed with the intent that all
7 damages and losses are to be adjusted to the equivalent to the licensing
8 fee in the [Non-Contravention Agreement]. Furthermore, the 100
9 million yen which was received by the Withdrawal Plaintiff based on
10 the [Non-Contravention Agreement] is compensation for the
11 Withdrawal Plaintiff not manufacturing, exploiting or marketing the
12 products based on the rights stipulated in the [1976 Agreement] during
13 the effective term of same agreement; and is compensation for his not
14 conducting any act of licensing, transferring, pledging of the same
15 rights in any country or region; in the event that any damage or loss is
16 incurred before the agreement is signed in regard to the Withdrawal
17 Plaintiff's rights stipulated in the [1976 Agreement] due to acts
18 conducted by the Assisting Intervener. It is therefore reasonable to
19 assume that the original intent is to include compensation for the above.

20
21 If so it is interpreted that the Withdrawal Plaintiff signed another
22 licensing agreement with the Assisting Intervener, and thus did not
23 have opportunities to obtain any licensing fees. This being the case,
24 even if the Defendant has entered into the License Contract 1 with the
25 Assisting Intervener (including the renewal of the licensing term), it
26 cannot be acknowledged that the Withdrawal Plaintiff has suffered
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1 damage from the above-stated nonperformance of obligations or loss
2 resulting from the Defendant obtaining licensing fees.⁸

3 24. The Intellectual Property High Court also found that Chaiyo's promise
4 to waive claims against the "Bandai Group" extended to TPC:

5 [T]he Intervener claims that the Withdrawal Plaintiff does not totally
6 abandon its rights in the [1976 Agreement] in the [Non-Contravention
7 Agreement], and that, because the [Non-Contravention Agreement] is a
8 financial obligation agreement signed between the Withdrawal Plaintiff
9 and the Assisting Intervener, the Defendant cannot claim the effects of
10 the Withdrawal Plaintiff renouncing rights.

11
12 Certainly, the Defendant does not directly receive the legal effects of
13 the Withdrawal Plaintiff renouncing rights against the Bandai Group.
14 However, as stipulated in Article 2.3 of the [Non-Contravention
15 Agreement], the Withdrawal Plaintiff promised not to exercise any
16 rights expected to arise currently or in the future with regard to all of
17 the rights stated in the [1976 Agreement] against the Bandai Group;
18 thus, it should be said that no damage or loss will be incurred by the
19 Withdrawal Plaintiff due to the Assisting Intervener's acts, and as a
20 result of the above, the grounds for the Withdrawal Plaintiff's claim
21 against the Defendant have been lost. Therefore, the claim by the
22 Intervener on this particular point is invalid.⁹

23 25. Based on the IP High Court's interpretation of the Non-Contravention
24 Agreement, the court reversed the Tokyo District Court and rejected Mr. Sompote's
25 claim to damages based on TPC's licensing of original Ultraman works for

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27 ⁸ RJN, Ex. F at TP0005124.

28 ⁹ RJN, Ex. F at TP0005125.

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1 distribution outside of Japan.¹⁰ The Supreme Court refused to hear the appeal from
2 this case in Heisei23 ju 2004, so there was no further comment on it.

3 26. Finally, I am informed that UMC has taken the position in the U.S.
4 lawsuit that the Non-Contravention Agreement was negotiated and entered into
5 simultaneously with two other contracts between Chaiyo and Bandai, and that the
6 three contracts should be considered together. These other two contracts were not
7 presented to the IP High Court in the second Japan lawsuit. I have not reviewed
8 the contracts that UMC identifies and I have no opinion about whether the three
9 contracts should be read together, or whether doing so would have any impact on
10 the analysis set forth above.

11
12 I declare under penalty of perjury under the laws of the State of California
13 that the foregoing is true and correct.

14 Executed at Tokyo, Japan on this 5 day of June, 2017

15 *Toshiaki Iimura*

16 Toshiaki Iimura
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27 ¹⁰ RJN, Ex. F at TP0005126-27.
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